

CHAPTER 3

PSYCHOLOGICAL PROCESSES IN ORGANIZATIONAL CORRUPTION

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INTRODUCTION

The number, scale and persistence of corporate scandals in the last decade have provided cynics about business ethics quite a lot of fodder. Enron and Worldcom, the classic cautionary tales from the early 2000s of corporate practice gone wrong, are presently being supplanted by more recent stories, from rogue traders losing billions at Société Générale and Credit Suisse to the multinationals currently implicated in the collapse sub-prime mortgage market. All of these juicy accounts have given rise to serious and legitimate interest among academics in corporate corruption; however, the literature on corruption has remained of inconsistent quality, lacking cohesion, and at the fringes of organizational scholarship (see the commentary in Ashforth, Gioia, Robinson, & Treviño, 2008a).

There are a number of reasons why research on corruption has remained on the outskirts of organizational research. First (and perhaps most important), the construct itself is muddy and overly broad. Corruption hasn't

only been ill-defined in the organizational literature; it has hardly been defined at all, with preference shown for terms such as “organizational illegality” (Baucus, 1989; Szwajkowski, 1985) when speaking of illegal acts of corporations, and, broadly, “deviance” (Bennett & Robinson, 2003; Robinson & Greenberg, 1998) when speaking to the morally questionable acts of individuals. Looking outside the organizational literature to sociology, criminology, law and political theory adds depth to our understanding, but the overall consensus even within those fields is that “we still lack firmly grounded theories of corruption” and that corruption itself remains a “highly contested concept” (Williams, 2000: xi) with “few shared understandings” (Kleinig & Heffernan, 2004: 3). Corruption can refer to a wide variety of actions and/or behaviours, which makes establishing a clear definition difficult (see Bloch & Geis, 1962; Geis, 1962; Quinney, 1964).

A second complicating factor is that corruption is an inherently *multi-level* phenomenon. Individuals can be corrupt: embezzlers, for example, are typically individuals working in isolation (see Cressey, 1953). Groups can be corrupt: for example, successfully carrying out large scale fraud within organizations often requires the complicity and active involvement groups of informed individuals (see McLean & Elkind, 2003). Organizations can be corrupt: for example, an organization’s business model, processes or policies can require or depend on illegal behaviour on the part of their employees (see Eichenwald, 1995). Finally, industries can be corrupt: representatives from multiple firms within an industry might collude to fix prices, for example (see Baker & Faulkner, 1993).

The third complicating factor is that corruption refers both to a *dynamic* process, as well as the *outcome* of that dynamic process (Ashforth et al., 2008a). Though organizational researchers are typically more comfortable studying outcomes (as static and measurable) than processes (as dynamic and difficult to capture empirically), it remains an underappreciated fact that corruption refers to both. Given all of these complications, the necessity of clearly specifying what is meant in any particular discussion of corruption—how corruption is being defined, at what level of analysis it is being studied, and whether it is being focused on as a product or as a process—is heightened. This chapter, therefore, starts with fundamentals, and returns to the original definition of corruption in the *Oxford English Dictionary* for clues on how to proceed.

The origin of the word corruption is a Latin verb *corrumpere*, which means to “break in pieces, destroy, ruin, spoil, mar, adulterate, falsify, draw to evil, seduce, [or] bribe.” The fact that corruption has its roots as a verb means that it perhaps more accurately understood as a process rather than as an outcome. Interestingly, corruption has less often been studied as a process, even though the true puzzles we need to unravel in order to understand (and undo) corruption are about the *processes* that deliver corruption, rath-

er than the end result of those processes (Ashforth et al., 2008a; Darley, 2005). Therefore, this chapter will focus on understanding corruption dynamics rather than more simply on outcomes.

In terms of the second complication, the definition of corruption does not imply any particular level of analysis. The majority of the work on corruption to date has focused on the more macro perspectives—corruption at the state, industry, or organization level (Douglas, 1977; Heffernan & Kleinig, 2004; Jong-sung & Khagram, 2005; Miller, Roberts, & Spence, 2004; Simon, 1999),¹ with organizations conceptualized as the “deviant” actors (Coleman, 1996; Ermann & Lundman, 1996; Pfarrer, DeCelles, Smith, & Taylor, 2008; Pinto, Leana, & Pil, 2008). Corruption at the group or individual level is less well understood (two excellent exceptions: Ashforth & Anand, 2003; Brief, Buttram, & Dukerich, 2001). However, corrupt “firm” behaviour is necessarily underpinned by the actions of individuals and groups of individuals, and these actions are motivated by a wide range of psychological processes. This chapter, therefore, focuses on the psychological processes that underpin corruption, and how they lead to corruption at higher levels of analysis.

Finally, returning to the original problem, given the broadness of the corruption construct, how is it best to define corruption here? Remembering that this chapter is going to focus on psychological processes that speak to corruption as a dynamic process, this chapter defines corruption as: *a process which perverts the original nature of an individual or group from a more pure state to a less pure state.*² Appropriately, this definition is inherently tied to notions of morality (Kleinig & Heffernan, 2004), which is challenging because of ongoing debates about what constitutes ethical behavior (Tenbrunsel & Smith-Crowe, in press), but allows us to connect this conversation to behavioural research on ethical decision making (Tenbrunsel & Smith-Crowe, in press; Treviño, Weaver, & Reynolds, 2006), even though the ethics and corruption literatures are not well-integrated (see Baucus, 1994).

The question that then drove the rest of this chapter was this: how can we understand the ways in which individuals and groups become perverted from their original natures, to move from more pure to less pure states? To look more closely at the *Oxford English Dictionary*, one finds that corruption has nine different definitions, including: “spoiling” and “moral deterioration” (OED definitions 1a and 4, respectively), the “perversion or destruction of integrity” (OED definition 6), “infection, contagion, taint” (OED definition 2), and “the oxidation or corrosion of a body” (OED definition 1b). These definitions suggested a framework for organizing current literature relevant to corruption processes: two types of processes at the individual level, and two at the group level, two that work internally, and two that work externally (see Table 3.1).

TABLE 3.1 Psychological Processes in Organizational Corruption

	Internal (inside→out) Processes	External (outside→in) Processes
Individual level	<p>Compulsion “Moral deterioration”</p> <p>Small unconscious steps towards corrupt outcomes (i.e., driven by bounded ethicality), become a slippery slope towards larger transgressions</p>	<p>Compliance “Perversion or destruction of integrity”</p> <p>Conformity with corrupt group norms or demands from authority figures become unconscious and routinized within individuals</p>
Group level	<p>Contagion “Infection, contagion, taint”</p> <p>Incremental changes occur within a social network which then slowly spread throughout the social systems</p>	<p>Corrosion “Oxidation or corrosion of a body”</p> <p>Structural or systemic (i.e., organizational or environmental) forces motivate corruption at the group levels and facilitate neglect of the ethical dimensions of decisions</p>

The first two types of psychological processes discussed operate at the individual level. Corruption as “moral deterioration” is reflected in the notion of *compulsion*. Compulsion works from the inside-out, due to the various ways in which our rationality (and ethicality) is bounded, and facilitates small, unconscious steps that start us on a slippery slope towards more corrupt behaviours. Corruption as the “perversion or destruction of integrity” is reflected in the notion of *compliance*. Compliance operates from the outside-in, and encompasses the ways in which individuals respond to pressures to obey authority or conform to group norms.

The second two types of psychological processes operate at the group level. Corruption as “infection” is represented by the notion of *contagion*. Contagion operates from the inside-out, and refers to ways in which incremental changes can occur within social networks and gradually spread through social systems. Corruption as “oxidation” is represented by the notion of *corrosion*. Corrosion refers to the ways in which structural or systemic forces can create external pressure on groups, providing incentives for groups to engage in behaviours towards corrupt ends. I now discuss each of these types of corruption dynamics in turn.

COMPULSION IN ORGANIZATIONAL CORRUPTION

The first definition of corruption in the *OED* is “the spoiling of anything”; the fourth is “moral deterioration.” Both definitions imply a process that

occurs without intention. Fruit and vegetables spoil simply by being left out in the air. The apple can't help it—spoilage is an inevitable outcome of the natural features of the fruit interacting with its natural environment. Though deterioration may be halted (to continue with the fruit analogy, through refrigeration, for example), left to their own devices, some things, through no intentional or conscious participation, simply deteriorate. One way to understand how “moral deterioration” might function at the individual level is to look at how people, in their natural environment and simply succumbing to natural human weaknesses, are *compelled* towards corruption. This represents, at the individual level, a process that works from the inside out: without vigilance or intervention, it is simply in the nature of some things to become corrupted.

There is quite a substantial body of literature that both directly and indirectly addresses how individuals deteriorate towards corruption in these unintentional and unconscious ways. This human compulsion towards corruption has been addressed directly in the work on bounded ethicality (Chugh, Bazerman, & Banaji, 2005), ethical fading (Tenbrunsel & Messick, 2004), and moral seduction (Moore, Tetlock, Tanlu, & Bazerman, 2006)—all of which draw heavily on more basic social psychological research on general decision making biases and framing effects (originally stated and best overviewed in Kahneman, 2003b; Kahneman & Tversky, 2000; Tversky & Kahneman, 1981). Three important ways in which individuals are susceptible to corruption—our tendency towards self-serving or self-enhancing biases and attributions, our inability to appropriately judge outcomes of our behavior, and the way in which our choices are driven by how decisions are framed—are briefly discussed here.

Self-serving biases. Self-interest is natural to the human condition, even if we can often disregard the drive towards it (Miller, 1999). There are many obvious reasons, both evolutionary and psychological, why our evaluations of events and perceptions of decisions should favour the self. These biases are natural to the human condition in part because they are self-protective: in evolutionary terms, self-serving helps ensure one accumulates the resources necessary to survival; in psychological terms, self-serving assists in the development, maintenance and security of self-esteem and identity, and helps reduce the threats to self-esteem and identity presented by others (Sedikides & Strube, 1997). However, this biased perspective can be dangerous to the extent that it can hinder consideration of interests we might be obligated to serve outside our own. Operating from a self-interested perspective is particularly insidious because, as Moore and Loewenstein note:

[S]elf-interest is automatic, viscerally compelling, and often unconscious. Understanding one's ethical and professional obligations to others, in contrast, often involves a more thoughtful process. The automatic nature of self-inter-

est gives it a primal power to influence judgment and makes it difficult for people to understand its influence on their judgment, let alone eradicate its influence (2004, p. 189).

The direct relationship between the human tendency towards self-serving biases and unethical behavior has been discussed at length theoretically (Johns, 1999; Moore & Loewenstein, 2004), and is confirmed by empirical work. Leaders in particular use self-serving biases to make unfair resource allocations to themselves because positional power creates feelings of entitlement (De Cremer & van Dijk, 2005, see also De Cremer, van Dijk, & Folmers, this volume) A series of experimental studies have shown that people are good at justifying outcomes which unfairly advantage the self (Diekmann, Samuels, Ross, & Bazerman, 1997), and work in the medical literature has indicated that doctors are swayed against offering their best medical advice by gifts and influence attempts from the pharmaceutical industry (Dana & Loewenstein, 2003; Wazana, 2000). People are also particularly likely to act unfairly towards others if they have had a recent opportunity to bolster their self-image as a fair and honest person, leading to an argument that humans might be cognitively predisposed towards moral hypocrisy as a way of succumbing to biases while maintaining one's moral identity (Batson, Kobryniewicz, Dinnerstein, Kampf, & Wilson, 1997; Batson, Thompson, Seufferling, Whitney, & Strongman, 1999). These biases become more worrisome when thinking about how individuals can be unconsciously compelled towards increasingly serious corruption. Once we have approached information in a biased way, it is hard to reinterpret the same information in a less biased way (Babcock, Loewenstein, Issacharoff, & Camerer, 1995), which makes it easier for us to "deteriorate" or "spoil," as it were.

Inability to judge outcomes. The human weakness in evaluating the future outcomes of our decisions represents a second unintentional and unconscious way in which individuals can be compelled towards corruption. Thirty years of research show that people are more likely to make decisions when consequences are known and predictable rather than unknown and unpredictable, even when the risks of the decisions outweigh those of other options (Tversky & Kahneman, 1981, 1992; Tversky & Wakker, 1995). Since many of the benefits of corrupt behaviour are immediate, tangible, and easy to predict (i.e., direct personal gain and securing immediate organizational goals), and many of the risks of corrupt behaviour are less visible, have a longer time horizon, and are difficult to predict (i.e., the threat of detection, exposure and criminal liability), the human tendency to be poor outcome evaluators represents a second compelling force towards corruption.

Framing. Finally, it is important to understand how the cognitive frames we use to approach problems influence the choices we make (Kahneman

& Tversky, 2000: Part IV). Much of the work on framing has focused on our tendency to be to be risk-seeking in situations which are negatively framed in order to avoid possible losses (Kahneman & Tversky, 1979, 2000; Tversky & Kahneman, 1981). This inclination towards risk seeking when events are negatively framed implies dangerous consequences in ethically intense situations, since these types of situations are likely to create negative frames due to their high risk of loss, and thus encourage risk-taking. As a result, decision frames are increasingly being considered as a key factor in ethical decisions (Tenbrunsel & Smith-Crowe, in press).

There are good theoretical arguments to support the notion that using from an economic or business frames helps shield ethical concerns or outcomes from our decision sets (Ferraro, Pfeffer, & Sutton, 2005). Empirically, studies of outcomes in prisoner's dilemma games have shown that creating conditions in which business frames (rather than ethical frames) are adopted significantly decreases the likelihood that individuals cooperate (Tenbrunsel & Messick, 1999). From a more grounded perspective, it is easy see how job design and job training (i.e., the way you are communicated to about your job) could be a powerful force influencing how individuals frame decisions at work. Gioia discusses the ways in which his job at Ford in the 1970s trained him not to recognize the ethical risk involved in deciding against a recall of the Pinto car, which was susceptible to gas tank rupture and explosion in low impact collisions (Gioia, 1992). This framing, which helped to "script" Gioia's behavior and which dramatically affected his decision making in an unconscious way, facilitated the seemingly risk-averse choice not to recall the Pinto, when in fact best estimates are that the decision not to recall the car eventually cost Ford well over \$100 million (Bromiley & Marcus, 1989).

Anchoring is a phenomenon closely related to framing which also can compel individuals towards corruption. The psychology and behavioural economics literatures both attest that our judgments are strongly influenced by the information that is most available and accessible; this information provides *anchors* which influence the evaluation of available behavioural options (Cain, Loewenstein, & Moore, 2005; Strack & Mussweiler, 1997; Tversky & Kahneman, 1981). In other words, "perception is referent-dependent" (Kahneman, 2003a, p. 1449). Organizations, superiors, peers and co-workers all have the opportunity to present information in ways that can unconsciously influence individuals towards corruption. However, research specifically testing how anchors can influence ethical decision making have yet to appear in the literature (though the way organizational goals operate to anchor behaviour will be discussed in the section on corrosion).

These three tendencies of the human condition—self-serving biases, poor outcome evaluation, and issue framing—all represent obvious ways in which human cognitive and evaluative weaknesses can unconsciously

compel individuals toward corruption. However, they represent given (i.e., static) factors that have the potential to influence individuals towards less ethical decision making. Yet if corruption is a *process*, a *deterioration* or a *spoiling*, then what are the dynamics that these conditions play in to at the individual level which *compel* people towards corruption? In the next section, I discuss two dynamics which speak more directly to how individuals can be compelled towards corruption: the slippery slope, and escalation of commitment.

The slippery slope. A number of researchers in related areas have written about the process of individuals descending into corruption as a “slippery slope” process (Ashforth & Anand, 2003; Cain et al., 2005; Moore & Loewenstein, 2004; Tenbrunsel & Messick, 2004). The common thread in this work is that it is easier for individuals to take small steps towards corrupt ends, hardly noticing the shifts in their behaviour, and thus paving the way for larger corrupt actions. Moral seduction theory, for example, makes the case that descending into corruption will most likely occur gradually, in a number of successive steps, each of which swings individuals’ behavioural anchors farther from their original starting position (Moore et al., 2006). Individuals first cross into a morally ambiguous zone, and as behaviour within that zone becomes acceptable, it then becomes easier to extend the boundaries of moral ambiguity out farther into previously unconsidered territory. Ashforth and Anand’s work discusses this slippery slope as “incrementalism,” which they define as the process of being “induced to gradually escalate [one’s] corruption,” and consider it one of the main routes of corruption normalization (2003, p. 28).

The slippery slope represents a process of personal anchor-shifting: as actions of decreasing ethicality are accepted by an individual, their moral standards erode. To put it another way, once an “initial” act is committed, the distance between that act and a second (more corrupt) act shrinks (Darley, 2005; Tenbrunsel & Messick, 2004). Empirical tests of the hypothesis that individuals’ moral standards are most likely to erode gradually over time are rare. However, it is easy to find anecdotal evidence of the mobility of personal anchors of morally acceptable behaviour. Sabrina Harman, the Specialist in the U.S. Army who took some of the famously exploitative photographs at the prison at Abu Ghraib, attests to this. A recent article quotes her as saying:

In the beginning . . . you see somebody naked and you see underwear on their head and you’re like, ‘Oh, that’s pretty bad—I can’t believe I just saw that.’ And then you go to bed and you come back the next day and you see something worse. Well, it seems like the day before wasn’t so bad. (Gourevitch & Morris, 2008, p. 51)

Dozens of regular army and reservist personnel have now been implicated in this major abuse of human rights (Hersh, 2004; Scherer & Benjamin, 2006), a recent example of corruption to which ‘otherwise normal’ individuals can become acclimated (though the Holocaust remains the primary example of the extremity of the abuses to which ordinary people can be compelled to participate, see Arendt, 1963/1994; Darley, 1992, 2005; Lifton, 1986).

The shifting anchors phenomenon can be found in less horrific examples of incremental adaptation to corruption as well. For example, in order to more easily reach earnings targets during a period of financial duress surrounding an IPO at Kurzweil Applied Intelligence Company in the early 1990s, sales people were initially permitted to post sales which were to come in a few days after the fiscal quarter closed (Maremont, 1996). As this practice became normalized, salespeople began booking sales earlier and earlier, until finally they would forge clients’ signatures when sales were simply likely to come through (Maremont, 1996). In this example, allowing sales which were to come in a few days after the end of the quarter shifted the boundaries of acceptable behaviour in an unethical direction. As these anchors of acceptable practice are repositioned, so are the internal moral standards of the actor. As Darley writes:

Each step is so small as to be essentially continuous with previous ones; after each step, the individual is positioned to take the next one. The individual’s morality follows rather than leads. Morality is retrospectively fitted to previous act by rationalizations . . .” (1992, p. 208)

Once a less ethical set of practices becomes “normalized” (Ashforth & Anand, 2003), practices that are similar to it, and even less ethical, become normalized as well—by proxy, as it were. In other words, if X is acceptable, then a marginally worse version of X called Y is probably acceptable as well; if Y is acceptable, then a marginally worse version of Y called Z is then probably acceptable as well; and so on. Tenbrunsel and Messick call this the “induction mechanism” (2004, p. 228) which makes new and increasingly corrupt practices acceptable.

One of the reasons this slippery slope is so compelling is because there are enormous psychological pressures—of self-justification, dissonance reduction, and the maintenance of one’s self-image as a moral person, among others—to continue down a path one has started down. As Kelman has written, once an initial step has been undertaken, an individual is:

in a new psychological and social situation in which the pressures to continue are quite powerful . . . many forces that might have originally kept him out of the situation reverse direction once he has made a commitment . . . and now help to keep him in the situation. (1973, p. 46)

It has proven very difficult to study in more controlled settings how this process might work, since both the content and the dynamic nature of the process of interest are difficult to capture empirically. However, related research from other areas of psychology confirms that people are a little reminiscent of “boiling frogs.” Frogs, the story goes—though the veracity of this story is disputed—will simply jump out of a pot of boiling water, but won’t notice temperature changes as long as the water is brought up to the boiling point slowly. Similarly, we tend not to notice changes in our surroundings—even if those changes direct or constrain our behaviour—as long as the changes are sufficiently incremental (e.g., Levin, 2002; Thorson & Biederman-Thorson, 1974).

One recent study has attempted to replicate slippery slope processes in a laboratory setting (Gino & Bazerman, 2007). Participants were asked to approve a series of estimates made by others of the number of pennies in a jar, and provided with an incentive to approve high estimates while also having to “sign” a statement that they believed the estimate they were approving was within 10% of the true number of pennies in the jar. Participants were significantly more likely to approve over-estimations which increased incrementally rather than over-estimations which increased in an obvious leap (Gino & Bazerman, 2007).

Escalation of Commitment. Similar to the slippery slope, escalation of commitment is a *process*, and one in which individuals are *compelled* to engage, as a result of common weaknesses in human psychology. Escalation of commitment is triggered by decisions which have led to “questionable or negative outcomes” (Staw & Ross, 1987: 43), but for which “withdrawal involves substantial costs” or for which “persistence holds at least the prospect for eventual gain” (Staw & Ross, 1987: 40). Though typically studied in the context of poor financial decision making (Ross & Staw, 1993; Staw, Barsade, & Koput, 1997), the research findings and frameworks developed in nearly 30 years of research on the topic (Staw, 1981, 1997; Staw & Ross, 1989) provides a fruitful if underused paradigm within which to study corruption processes.

The implication that escalation of commitment might lead to an increased likelihood of unethical behaviour has been noted in theoretical statements of the escalation phenomenon (Street, Robertson, & Geiger, 1997). Escalation has also been discussed in ethical contexts such as the decision to remain in Vietnam (Staw, 1997; Staw & Ross, 1989). To date, only one study has ever specifically shown that unethical behaviour is a likely outcome of escalation situations (Street & Street, 2006), yet it is easy to see how escalation might apply in ethically charged situations. For example, in the circumstances at Kurzweil Applied Intelligence Company, escalation of commitment was likely a factor in the fraud perpetrated there because taking sales out of a future quarter in order to increase the sales figures of the current quarter

meant that the actions needed to make that next quarter acceptable to the balance sheet became even more desperate (Darley, 2005).

The idea of escalation as a continuing source of questionable decisions that becomes more and more difficult to unwind from fits well with the narrative that accompanies stories of “rogue traders” as well. The autobiography of Nick Leeson, the man who brought down Barings Bank in 1995 after accumulating trading losses of more than £800 million, provides a classic narrative of the process of escalation, from a series of small mistakes that required larger cover-ups, which then led to increasingly risky decisions, and which eventually leading to the demise of London’s oldest investment bank (Leeson, 1996; Ross, 1997). Leeson describes how the incremental decisions he made, including the ongoing use of dummy trading accounts in order to cover his errors and losses, became “an addiction” (Leeson, 1996: 64). Early reports of the recent £5 billion losses incurred at Société Générale by the newest addition to the “rogue trader” gallery, Jérôme Kerviel, attest that escalation of commitment may have also played a role in taking on the level of risk which he did (Gauthier-Villars & Mollenkamp, 2008). A comprehensive account of the rogue trader phenomenon has yet to appear, though with new “rogue traders” appearing repeatedly in the press—including the post-Société Générale discovery of traders at Credit Suisse covering up £1.4 billion in losses in order to protect their bonuses (Winnett, 2008a)—the time is ripe for one.

What psychological mechanisms involved in escalation of commitment might be particularly salient in situations where commitment escalates is to increasing levels of corruption? It is a human tendency to selectively choose reasons which justify behaviour in which we have already engaged. Psychologically, this has been called defensive bolstering (Tetlock & Lerner, 1999; Tetlock, Skitka, & Boettger, 1989) or self-justification (Brockner, 1992; Staw, 1976). Escalating corruption might be particularly likely for actors who initiate the early corrupt acts; for example, when Jérôme Kerviel first started making bets outside the daily limits imposed on him by his supervisors, he would have been particularly committed to ensuring those bets became profitable, since he would need to convince himself he had made the right move by overextending his positions. Changing one’s course of corrupt action might be particularly difficult when a series of ethically tenuous decisions is made by an individual who is particularly ambitious, since achievement striving has been found to be positively linked to escalation of commitment decisions (Moon, 2001).

These slippery slopes are unconscious due to a number of psychological processes which kick in as we slide, and which permit us to continue to think of ourselves in a positive light during the journey. Often, these psychological processes involve bracketing ourselves off from our own agency. For example, in the social identity literature, depersonalization describes

how the draw of identifying with prototypical group members effectively brackets off one's original behavioural or attitudinal standards as an individual (Hogg & Turner, 1987; Turner, Hogg, Oakes, Reicher, & Wetherell, 1987). Milgram termed the process passing into an "agentic state" (Milgram, 1974), in which "the conscience has been switched off in the individual" (Darley, 1992: 206). Similarly, Bandura describes moral disengagement, as a process wherein individuals become habituated to cognitive mechanisms which "disengage" the self-sanctions that ought to compel us to behave morally (Bandura, 1990a, 1990b, 1999, 2002). In other words, when we are compelled towards corruption, our psychology operates in ways which shields our consciousness from the worst of its own behaviour.

COMPLIANCE IN ORGANIZATIONAL CORRUPTION

The sixth definition of corruption in the *Oxford English Dictionary* (OED) is the "perversion or destruction of integrity." This definition implies yielding to some outside force. While the factors relevant to *compulsion* processes were internal to the individual, including weaknesses in human cognition, evaluation, or perception, the forces relevant to *compliance* processes are external to the individual. These forces can be explicit, as in direct pressure faced by authority figures or groups, or tacit, as in socialization processes. Both of these types of compliance—explicit pressure from authority or groups, and tacit pressure from socialization processes—will be discussed in turn.

Explicit pressure from authority or groups. There is a long history of research on how individuals are strongly drawn to submit to pressures from authority figures (Kelman & Hamilton, 1989; Milgram, 1974). The ease with which authority figures can coerce individuals into corrupt actions was most dramatically shown in Milgram's obedience experiments in the 1960s (Milgram, 1963, 1974), and findings both empirical and anecdotal about the human propensity to conform to the wishes of authority figures have continued to accumulate since then (i.e., Kelman & Hamilton, 1989). Within organizations, the pressure both implicit and explicit to follow the behavioural norms set by organizational superiors should not be underestimated. When in two separate surveys nearly 20 years apart *Harvard Business Review* readers were asked to rank the importance of multiple factors in influencing their potential unethical behaviour, the behaviour of supervisors came out as the most important factor both times (Baumhart, 1961; Brenner & Molander, 1977).

The psychological literature on how individuals are easily manipulated into conforming to group norms is as substantial as the research on the pressure to conform to authority (Asch, 1951, 1955; Janis, 1983). The ease

of getting people to conform to group norms has been explained by our need to socially identify with others in our groups (Hogg & Turner, 1987; Turner et al., 1987), as well as by the strong desire to belong (Baumeister & Leary, 1995) and the related desire to avoid social exclusion (Kurzban & Leary, 2001). How this conformity pressure plays out through the desire to feel identified with one's work group is dramatically described by Michael Lewis, in his description of the three years he spent as a salesman at Salomon Brothers (1989). Early in his career, when he was triggered to question certain normative practices of the firm, he was told that his option was either to become a "jammer," a person who was willing to unload whatever stocks would most benefit Salomon Brothers' (regardless of their worth or benefit to the client), or to be labelled a "geek" or "fool" (Lewis, 1989). It is difficult in such situations to make the decisions that not only result in social exclusion but also risk one's job; it is both easier and less assaulting to one's identity to do what it takes to comply with existing group norms.

Outside the psychological literature, an entire branch of criminological theory—differential association—is devoted to the influence that groups have in facilitating the criminal behaviour of individuals (Sutherland, 1939). Differential association is really a social learning theory of criminal behaviour, which posits that unethical behaviour is encouraged, modelled, and normalized through the process of interacting with one's peer groups (Sutherland, 1939). A study of rule-breaking at an insurance company supports this differential association perspective: whether an employee joined in the rule-breaking, such as misrepresenting the true cost of policies to clients, or selling policies to clients using the cash value or dividends from already-purchased policies ("churning"), depended on, in the words of one study participant, "who you were learning from" (MacLean, 2001: 176).

Differential association theory has not found much traction in the ethical decision making literature, though it forms an integral part of Ferrell and Gresham's influential model of ethical decision making in marketing research (1985) and inspired two empirical studies developed with that model in mind (Zey-Ferrell & Ferrell, 1982; Zey-Ferrell, Weaver, & Ferrell, 1979). In these studies of marketing managers and advertisers, Zey-Ferrell and her colleagues found that individuals' perceptions of their peers' behaviour were a more powerful predictor of self-reported unethical behavior than were the individuals' own beliefs (Zey-Ferrell & Ferrell, 1982; Zey-Ferrell et al., 1979). In other words, the people to whom one looks to model appropriate behaviour—one's referent others—are a key explanatory variable in one's own behaviour. There is a great deal we might learn from better understanding how one chooses moral referents, particularly at work. Though the importance of moral referents has been proposed, both in moral approbation theory (Jones & Ryan, 1997) and in recent theory that explores ethical decision making from an organizational sensemak-

ing perspective (Sonenshein, 2007), how individuals both choose and use moral referents in their own decision making is not well understood.

Socialization. Having been reminded that there is substantial evidence that both authority figures and peers have separate coercive effects on the corruption of individuals, we now turn to the joint effects of pressure from multiple agents in one's environment. Experimental evidence indicates that when authority figures and peers both exert an influence towards corrupt behaviour, their effect is amplified (Jones & Kavanagh, 1996). As the pressures from superiors and peers coalesce, the effects move from direct pressure to comply towards a more subtle form of compliance pressure: socialization.

In a way, socialization is compliance without looking like it. It is a natural human tendency to search out normative behaviours in groups to which we belong, and then work to meet those norms. People tend to act in ways that they have answered the question: "What does a person like me do in a situation like this?" (Messick, 1999; Weber, Kopelman, & Messick, 2004). When norms are not immediately apparent, people tend to transpose norms from past experience in similar situations (Bettenhausen & Murnighan, 1985). All of these efforts to discover and operate in normatively appropriate ways help individuals fit in, figure out one's job, and meet the expectations of relevant others inside organizations—key ways in which individuals reduce the stress and uncertainty of starting new jobs (Saks & Ashforth, 1997; Van Maanen, 1976). As Milgram wrote in his overview of his studies on obedience to authority:

Obedience does not take the form of dramatic confrontation of opposed wills or philosophies but is embedded in a larger atmosphere where social relationships, career aspirations, and technical routines set the dominant tone. Typically, we do not find a heroic figure struggling with conscience, nor a pathologically aggressive man ruthlessly exploiting a position of power, but a functionary who has been given a job to do and who strives to create an impression of competence in his work. (Milgram, 1974, p. 187)

This quote, from the classic analysis of how pressure from authority figures drives people to act in ways they would not normally, is really a statement about socialization. Often, in an effort to meet the requirements of organizational roles, we unconsciously comply with behavioural expectations we would never have consciously set for ourselves.

The term "compliance" remains appropriate when thinking about socialization because the corruption that results from socialization can not be credited to factors *within* the individual the way that it could when thinking about compulsion processes. The corruption that results from socialization can only be attributed to factors *outside* the individual, factors within one's social environment. Or, as Darley has noted:

many evil actions are not the volitional products of individual evildoers. Instead, they are in some sense societal products, in which a complex series of social forces interact to cause individuals to commit... evil. (Darley, 1992, p. 204)

Socialization processes are key to the institutionalization of corruption, forming one of the three “pillars” which Ashforth and Anand consider central to the normalization of corruption within organizations (2003, pp. 25–34). There are many reasons why socialization is such an effective route to corruption. Corrupt firms reward individuals for conforming to corrupt norms, through promotion or other types of organizational rewards, as they did at Prudential-Bache Securities in the 1980s (Eichenwald, 1995). Corrupt firms also punish non-conformers—either with symbolic punishment like social ostracization or ridicule, as we just noted with Lewis’ choice to become a “jammer” or a “fool” at Salomon Brothers (Lewis, 1989), or with forced or encouraged dismissal, as has been shown in a study of accounting firms (Ponemon, 1992). Coercive socialization can be pre-emptive as well: individuals who are unlikely to effectively socialize into corrupt norms simply aren’t hired by those who control entry into corrupt organizations. An ethnography of corrupt dock workers indicates that foremen were disinclined to permit the hiring of workers who were unlikely to be effectively socialized into their norms of pilferage (Mars, 1974, 1982).

So how does the process of socialization to corrupt norms work? There are two main avenues, representing two ways in which immersion in an environment eventually alters the individuals within those environments. The first avenue is *seduction*, which operates in a similar way as the previous section described moral seduction theory, in that incremental shifts gradually change the general behaviour and attitudes of the focal actor, except in this case people are seduced by their external environment rather than their own internal tendencies towards self-serving biases and framing. The second is *surrender*, where individuals eventually relent after facing continued social pressure to be or act a certain way.

Seduction. As was just mentioned, seduction can be motivated both internally, through biases and ways of perceiving situations that are difficult to resist, and externally, through immersion in an environment which one doesn’t notice is slowly changing one’s moral attitudes or ethical standards. Often, these two seduction forces work in tandem, such that individuals do not notice how their environment is seducing them to change, because the attractiveness of changing plays into all the internal reasons why people are also seduced to corruption. Over time, compliance with the expectations of one’s immediate referent others (peers, workgroups) erodes one’s moral standards, and one’s understanding of acceptable behaviour widens to include previously proscribed acts. This process has also been called habituation, in which “exposure to different stimuli of increasing aversiveness

weakens reactions to the stimuli” (Ashforth & Anand, 2003, p. 13), and has had the most thorough empirical examination in the marketing literature, in a body of work on foot-in-the-door processes.

Taking a metaphor from the practices of travelling salesmen, the idea is that if you can just get your foot through someone’s doorway, their compliance with future requests becomes significantly easier to secure.³ A body of empirical work beginning in the 1960s finds relatively consistently that individuals are more likely to agree to a larger request after having already agreed to a smaller one (Freedman & Fraser, 1966). For example, individuals are significantly more likely to allow an imposing billboard promoting safe driving in their front yard if they have previously agreed to display a small safe driving sign in their window (Freedman & Fraser, 1966), or make a donation to cancer research if they have previously agreed to wear a dafodil on their lapel (Pliner, Hart, Kohl, & Saari, 1974).

Surrender. Succumbing to the pressures of socialization can also happen consciously, raising the white flag against the relentless pressure to conform to given norms, and meeting the expectations of unethical models. This process has also been called desensitization, in which “repeated exposure to the same stimulus progressively weakens reactions to the stimulus” (Ashforth & Anand, 2003, p. 13). In qualitative work on how individuals become socialized into white collar criminality, individuals speak about a process of surrender to a momentum they feel powerless to change: an “if you can’t beat them, join them” mentality. For example, Sutherland describes a young salesman, who quit his first two jobs after graduating from college over what he perceives to be unethical business practices (Sutherland, 1949/1983). Upon entering his third job, he relents to the pressures he has come to view as inescapable, saying “the game was rotten, but it had to be played” (Sutherland, 1949/1983, p. 241). As Leonardo Da Vinci has been quoted as saying, “It is easier to resist in the beginning than at the end” (cited in Cialdini, 1984, p. 57).

Starting in the 1970s, a practice related to foot-in-the-door, termed door-in-the-face, has also been found to be successful in securing desired behaviours from individuals. Door-in-the-face strategies differ from foot-in-the-door strategies in the same way that desensitization differs from habituation. As foot-in-the-door experiments showed that agreeing to a *small* request could lead to higher rates of agreement with *larger* requests (habituating the individual to a target behaviour), door-in-the-face experiments demonstrate that making a *large* request of individuals, which is typically declined, increases the likelihood of securing agreement to a *small* request later on (desensitizing the individual to a target behaviour) (Cialdini et al., 1975). For example, individuals who first turned down a request to make a commitment to volunteer on a weekly basis for two years were more likely to agree to accompany a group of juvenile delinquents on a trip to the zoo,

than were individuals who asked only to go on the zoo trip (Cialdini et al., 1975). In other words, it is difficult to persist over time in denying “favours” individuals request of you.

Interestingly, neither the foot-in-the-door paradigm nor the door-in-the-face paradigm has ever been applied to requests to engage in unethical behaviour. The majority of foot-in-the-door studies have been undertaken in the context of attempting to gain compliance *prosocial* behaviour such as making donations (for money or blood) or volunteering (for various charitable or environmental causes) (Dillard, Hunter, & Burgoon, 1984). Both of these paradigms offer interesting opportunities to better understand how individuals can be coerced into corruption through different types of socialization patterns.

CONTAGION IN ORGANIZATIONAL CORRUPTION

The second definition of corruption in the *OED* is “infection, contagion, taint.” That corruption can be viewed as a contagious danger is not new (Darley, 2005). Where compliance involves changing newcomers to behave in the normative ways of a pre-existing context, contagion involves introducing something new to a pre-existing context which changes the norms within it. In other words, in compliance with corruption, the individual is the new element being introduced to an already corrupted environment, and in contagion of corruption, a corrupt practice or behavior is the new element being introduced to an otherwise incorrupt environment. In the former case, the individual becomes corrupted, and in the latter, the environment becomes corrupted. It is therefore more appropriately conceptualized as a psychological process that occurs at the group level, one that focuses on how a group can become “infected.”

Contagion has been widely though disparately studied. From the psychological perspective, contagion has been examined in terms of emotions, attitudes, and behaviours; however, much of the research has tended to stay in the realm of social psychology rather than crossing the fence in to organizational studies (though Barsade, 2002, is an exception). Organizational research has tended to characterize contagion research as diffusion (Rogers, 2003), and has typically focused at more macro levels of analysis. I will discuss both diffusion research and contagion research, and will follow with a discussion of how the way groups are organized can facilitate or hinder the contagion of corruption.

Diffusion research. From an organizational perspective, the context in which contagion has been most comprehensively studied is in terms of the diffusion of innovations (Rogers, 2003). Early diffusion research looked at how new practices such as the use of hybrid seed corn among farmers

(Ryan & Cross, 1943), new drugs among physicians (Coleman, Katz, & Menzel, 1957), or family planning methods among rural women (Berelson & Freedman, 1964) are diffused through populations. The epidemiological literature is unsurprisingly comprehensive in their studies of behavioral contagion, in particular in studies of suicide (i.e., Mercy et al., 2001) or high risk behaviours that could lead to disease (i.e., Christakis & Fowler, 2007; Cleveland & Wiebe, 2003). Though this work abstracts significantly away from the psychology underlying contagion processes, understanding how practices become successfully diffused through environments remains an important building block in understanding corruption dynamics.

Early work on diffusion tended to view “success” simply as the adoption of the new practice, but diffusion processes can also be viewed as yet another incarnation of the slippery slope, with small corrupt actions undertaken by individuals leading to tolerance for larger corrupt actions at the group level. This perspective is captured by the criminological theory of broken windows (Wilson & Kelling, 1982), which makes the argument that street crime can follow patterns of contagion, with small contraventions of rules easily snowballing into larger crimes. A quasi-empirical test of broken windows theory occurred in New York City from the mid-1980s through the end of the 1990s, when one of its major proponents, George Kelling, was hired by the NY Transit Authority to help turn around a system which had fallen into chaos (Gladwell, 1996, pp. 140–145). Kelling, and later William Bratton, who took over the New York City Police Department, applied broken windows theory in their respective domains and strategically targeted “quality-of-life” crimes in order to reduce the epidemic of violent crime in the city (Bratton, 1998). The result (though not uncontested, see Levitt & Dubner, 2005, Chapter 4) was that community policing helped reverse the criminal contagion process, and reorient behavioral norms in the communities under their watch.

Contagion research. From the psychological perspective, the literature on contagion is extensive, though it is considered poorly integrated and conceptually muddy (Levy & Nail, 1993). Many of the psychological processes that were relevant in the prior two sections at the individual level remain relevant here at the group level. For example, the section on compulsion discussed escalation of commitment at the individual level, with individuals making poor decisions as a result of questionable outcomes of prior decisions when there are substantial sunk costs. However, escalation of commitment can occur in groups as well: for example, group contexts are required in order to initiate “auction fever” (Ku, Malhotra, & Murnighan, 2005)—circumstances where individuals (bidders) in a group (at an auction) make irrational and poor decisions as a result of the rivalry, time pressure, and social facilitation offered by the context. One can imagine that in certain results-oriented environments, where employees are pitted against

each other and forced to perform in contexts of intense time pressure, a version of auction fever in which the poor decisions were ethical violations rather than overbidding could result.

Similarly, the section on compliance discussed the natural tendency of individuals to conform to group norms. This natural tendency at the individual level is especially worrisome when coupled with what we know about group processes over time: groups can operate in insidiously risk-seeking ways. The group think literature has demonstrated that groups can be strongly drawn towards consensus views without critically examining all the available options (Janis, 1972, 1983). The literature on group polarization has documented that groups can unintentionally end up taking riskier positions and more extreme perspectives than individuals (Isenberg, 1986; Mackie & Cooper, 1984; Moscovici & Zavalloni, 1969). The tendency towards risk and extremes means that even in the absence of a pre-existing corrupt group norm (which would more appropriately speak to a socialization process), groups can develop more corrupt norms than the individuals within those groups might enact independently. Both of these literatures point to ways in which groups have the potential to “infect” themselves towards more corrupt outcomes.

The insidiousness of group processes in encouraging negative outcomes unintended by any one group member can also be seen in one of the only empirical examinations of the diffusion of “corruption” in a group. In his study of delinquent boys, Matza (1964) found that even though on an individual level the boys did not approve of delinquent behaviour or think it was “right,” group interaction facilitated an overall shift towards delinquent norms. This “drift” (as he termed it) towards greater delinquency was a result of individually low thresholds against delinquent behaviour counteracting with the positive benefits the boys accrued from delinquency, such as appearing masculine towards one’s peers (see also the discussion in Granovetter, 1978, p. 1435).

Contagion has also been examined in the context of social learning theory (Bandura, 1977; Hamblin, Miller, & Saxton, 1979; Pitcher, Hamblin, & Miller, 1978). This is an interesting approach to contagion, since it assumes the mechanism of “infection” is indirect; individuals, operating as behavioural models, “legitimize” behavior for others, who then take up that behaviour and become models for yet others to imitate. As Hamblin and colleagues have written, “Everyone makes[. . .] decisions, not just on the basis of his own individual experiences, but to a large extent on the basis of the observed or talked about experiences of others” (1979, p. 809). Thinking about contagion in terms of social learning theory helps explain the quick rise of behaviours through populations since every new adherent to a practice becomes both a contributor to that behaviour and a model of it. Social learning explanations of diffusion have been used in the analysis of

airplane hijacking, anti-Semitic vandalism, and civil disorder, among other forms of collective violence (Pitcher et al., 1978). The qualitative study cited earlier of how rule-breaking became endemic in an insurance agency provides further support that corrupt business practices can become diffused through social learning processes (MacLean, 2001). This type of contagion has been termed “disinhibitory contagion” (Levy & Nail, 1993), in that witnessing individuals engage in certain behaviours frees individuals to engage in those behaviours themselves.

Avenues of contagion. Diffusion research shows that the successful spread of practices is especially dependent on interpersonal relationships, the influence of nearby peers, and the role of central “opinion leaders” (Coleman, Katz, & Menzel, 1966; Rogers, 2003). This focus on relationships provides a psychological lens through which to consider diffusion research. The importance of network centrality in successful diffusion is a consistent finding in diffusion research—which hints that most diffusion processes are “trickle-down” (i.e., from leaders to employees) rather than “trickle-up,” and empirical research confirms that individuals with higher status are more effective at spreading new practices (Coleman et al., 1966; Ryan & Cross, 1943; Wheeler, 1966). The diffusion literature, however, remains largely focused on the adoption of *positive outcomes* such as innovations (Rogers, 2003; Strang & Soule, 1998), and there is some indication that “trickle-up” processes are more likely to manifest when the behavior being diffused is counter-normative (see Abrahamson & Rosenkopf, 1997, p. 294), as would be the case with the contagion of corruption.

Mobility is another key mechanism in the contagion of corruption. Corrupt practices can be disseminated in a contagious fashion through inter- or intra-organizational mobility (Ashforth & Anand, 2003, p. 10). In terms of inter-organizational mobility, Granovetter noted 20 years ago that the mobility across organizations afforded by modern industrialized capitalism creates opportunities both for malfeasance as well as trustworthy behavior (1985). Many types of corruption, such as bid-rigging and price fixing, depend on social relations (Baker & Faulkner, 1993), and provide an example of how economic action is embedded within social networks that extend across organizations (Granovetter, 1985). A recent way in which inter-firm social networks have been used to spread corruption is through a practice known as swaps—illegal reciprocal “back-scratching” trades between companies which artificially inflate revenue—a behavior that led to the bankruptcy of companies like Qwest Communications and Global Crossing, and serious investigation of many others, including AOL Time Warner (Berman, Angwin, & Cummins, 2002). Intra-firm corruption also often requires organized coalitions with strong social ties. An example of this type of corruption can be seen in an ethnographic study reported by Dalton (1959),

which described how employee collusion supported the misrepresentation of inventory in an internal audit.

Group composition also has an important influence on the effectiveness of contagion. Granovetter's threshold model of collective behaviour presents a simple example to illustrate this point (Granovetter, 1978). His model shows how nearly identical groups of individuals can result in radically different end outcomes, with minor changes in group composition. Imagine two groups of 100 people. In the first, Person 1 will riot even if no one else is rioting, Person 2 will riot as long as one other person is rioting, Person 3 will riot as long as two other people are rioting, and so on. The composition of this group is such that eventually, all 100 members of the group will eventually riot. Now imagine exactly the same group, except that Person 2 as well as Person 3 require two other people to riot in order to join the uprising. The composition of this group leads to an outcome where Person 1 riots by him- or herself. These two groups are nearly identical, but for the rioting threshold of Person 2, and yet have completely different outcomes.

Granovetter's model demonstrates both the attraction and the limits of one of the main fantasies about the contagion of corruption: the idea that one bad apple can spoil the barrel. One bad apple might spoil the barrel, but only with exactly the right confluence of additional factors, including a facilitating group composition. Other research adds to this list of contextual requirements for the "bad apple" fantasy: suggestibility and ambiguity. In simulations developed by Johnson and Feinberg to model how consensus emerges in crowds (Feinberg & Johnson, 1988; Johnson & Feinberg, 1977), there is evidence that lone "agitators" aren't enough to sway the behavior of crowds: people have to be suggestible enough to succumb to the influence of the agitator, and the context needs to be ambiguous enough for them to be suggestible. The importance of contextual ambiguity in similar processes, such as bandwagon effects (Abrahamson & Rosenkopf, 1997), or increasing competitiveness/decreasing cooperativeness in groups (Weber et al., 2004) also serve as reminders that "bad apple" theories need to always attend to context in order to be true reflections of reality (see Treviño, 1986; Treviño & Youngblood, 1990).

While it is rare to be able to track how actual behavior operates in a contagious way within organizations, computer simulations provide opportunities to test how differences at the individual level might translate into group-level outcomes. Macy has used computer simulations to show that communities attain the "benefit" of collective cooperative action through serial interaction with other group members, in which people take their behavioral cues from what the group as a whole is doing (1991). Contributions are still likely to come from a core of highly interested members (Oliver & Marwell, 1988), but especially when there is not a high cost of

participating, group equilibria tend to shift toward whatever behaviour is gaining normative momentum. Though these simulations were used in the explanation of collective cooperative action (a positive outcome), it is not difficult to transpose similar processes onto an organization like Enron, in which a group of highly committed “activists” created corrupt conditions under which it was not costly for the main body of organizational members to participate.

CORROSION IN ORGANIZATIONAL CORRUPTION

The final type of corruption dynamic had been termed “corrosion,” tracking another among the first set of definitions of corruption in the *OED*: “the oxidation or corrosion . . . of a body.” This definition is particularly interesting, because it highlights the necessity of an interaction between a “body” and its external environment in the process of becoming corrupt.⁴ Therefore, this section begins with a discussion of some basic systemic forces which provide corrupting influences on groups. Interestingly, the corrosive elements that operate to corrupt group norms can simply be external incentives facilitative of the internal compulsion processes discussed earlier. Organizations can be designed in ways which both encourage self-serving behaviour at the group level, and frame issues for groups and individuals in ways which obviate moral concerns. The design of goals and incentives (which often support corrupt self-serving biases at the group level), and the design of jobs and routines (which often support corrupt ways of framing at the group level) are two important ways external forces can corrupt groups, and will be discussed at the end of this section.

In many ways, this quadrant of the typology harkens back to classic sociological theory and its interest in unanticipated consequences of certain types of social organization. Max Weber and Karl Marx both had interestingly consistent views about how bureaucratic organizations in capitalist economic systems would involve negative and unanticipated consequences for individuals and society, though Weber was more concerned with the effects of bureaucratic organizations, and Marx with capitalist systems. In both cases, social structures “take on a life of their own,” and since “people lack control over them, structures are free to develop in a variety of totally unanticipated directions” (Ritzer, 2000, p. 252). As Marx wrote, “while we are highly successful in bringing about the immediate results of our conscious intentions, we still too often fail to anticipate and forestall the undesired remoter consequences of those results themselves” (cited in Venable, 1945, p. 76). In other words, there is no intention on the part of the systems to encourage a slow descent into corruption, but the systems create environmental conditions that result in corruption unintentionally.

Much of the work on corruption and like concepts such as organizational crime or deviance has looked exclusively at the organizational level, minimizing detailed analysis of the role (and responsibility) of individuals in corruption processes (Cochran & Nigh, 1987; Ermann & Lundman, 1996; Finney & Lesieur, 1982; Gross, 1978, 1980; Shover & Bryant, 1993). In fact, a body of work in critical sociology has made the claim that profit-seeking enterprises are “inherently criminogenic” (i.e., Gross, 1978: 78; Needleman & Needleman, 1979). This is really an argument about structure, about how organizations can be designed in ways which discourage reflection about anything which doesn’t directly contribute to their sustainability, growth, and profitability. In a supportive vein, critical legal theorists have voiced concern that the way corporations are legally structured encourages a restrictive focus on shareholder value to the point where ethical concerns are marginalized (Bakan, 2004; Mitchell, 2001).

Theorists from these theoretical traditions stress how organizations restrict the actions of individuals within them (Ermann & Lundman, 1996). Organizations effectively create:

positions in a structure of relations, the persons who occupy the positions are incidental to the structure. They take on the obligations and expectations, the goals and resources, associated with their positions in the way they put on work clothes for their jobs. (Coleman, 1990, p. 427)

Even though Coleman himself had a much more complex and nuanced view of the relations between individuals, groups and social systems than this quote suggests, the quote itself seems to strip individuals of all agency in their own actions. In an extreme form, this theoretical tradition can neglect the fact that these organizationally designed and imposed “restrictions” do have psychological effects at the group and individual level, which deserve an independent assessment.

An application of this theoretical argument can be seen in the work of Moore and his colleagues, who show that occupational and political pressures have operated in a way which erodes the independence of financial auditors (Moore et al., 2006). They argue that incremental changes at the industry level (now partially but not completely addressed by recent legislative changes including Sarbanes-Oxley) have created conditions which undermine an auditor’s ability to deliver truly independent assessments of their clients’ financials, leading to difficulties in the auditing profession with conflict of interest (Moore et al., 2006). Nick Leeson’s experience at Barings Bank also points to systemic corrosive elements which supported and directed him in his fraud. First, even when his superiors had strong indications that the operation in Singapore was in trouble, they turned a blind eye to it, because the numbers coming out of the regional office al-

lowed the bank to post great profits; second, Leeson was in charge both of the front office and the back office, structurally creating opportunities which facilitated his escalating losses (Leeson, 1996).

These examples clearly show that there are a number of systemic factors which have the potential to corrode groups of individuals within organizations. In the rest of this section, we focus on two, because of the way in which they represent systemic elements facilitative of the internal compulsion processes discussed earlier at the individual level: organizational goals and incentives, which play how we succumb to biasing at the individual level, and job design and routines, which facilitate particular ways of framing at the individual level.

Goals and incentives. The evidence that goals motivate behaviour is overwhelming (Locke & Latham, 2002), and the evidence that they can do so in morally insidious ways is substantial and growing (e.g., Barsky, 2004; Schweitzer, Ordóñez, & Douma, 2004; Tenbrunsel & Messick, 1999). Research has shown that when we exist in contexts where the goals set for us are ethically agnostic, we are likely to do what it takes to meet those goals without worrying about their ethical implications (Schweitzer et al., 2004). Additionally, when individuals have incentives to act unethically, they are also more likely to make negative ethical attributions about others' intentions (Tenbrunsel, 1998), compounding the effect that goals may have as motivators of unethical behaviour.

Performance goals or revenue targets may actually—perversely—cause a neglect of the moral implications of the actions we take to meet them. A series of studies on goal shielding show that individuals are better able to focus on and meet specific goals when alternate, and potentially competing goals, have been “shielded” from immediate relevance, and as such, leave more cognitive room to focus in a targeted way on the goal of interest (Shah, Friedman, & Kruglanski, 2002). One can imagine a strongly organizationally relevant goal such as meeting quarterly sales targets (which typically aligns nicely with a personally relevant goal such as earning a large bonus or commission) might be better met if individuals weren't simultaneously concerned with a secondary goal such as ensuring that the actions involved in meeting those sales targets didn't violate moral codes of behaviour.

Recent trading scandals, including those at Société Générale (Gauthier-Villars & Mollenkamp, 2008) and Credit Suisse (Gow, 2008; Winnett, 2008b), attest that the desire to earn large bonuses was a direct and traceable cause of the corruption that led to the behaviour that lost their respective firms billions of dollars. There can really be no question that the way that individual traders are incented at large banks increases their likelihood of falling into traps of taking on too much risk in the pursuit of personal gain. At the group level, the excitement of the chase of the big score might mimic “auction fever” situations, in which decision making is impaired by

the context's defining features, such as rivalry, social facilitation, and time pressure (Ku et al., 2005). In many organizational contexts, individual jobs and rewards are constructed in ways which impair decisions in exactly these ways—team members compete with each other over bonus pools, promotions, and other organizational rewards—and may lead to corrupt activities in order to ensure that the rewards are accrued in a way which benefits the self (Sivanathan, 2008).

Routines and job design. The role of routines and job design in corruption has been discussed mostly at a theoretical level; for example, in understanding how functionaries were able to carry out their duties in Nazi concentration camps (Bergen, 2003: 229), or how executioners are able to carry out the death penalty in the U.S. (Johnson, 1998). Routines also played a corrosive role in the Ford Pinto recall (Gioia, 1992), by scripting Gioia's behaviour in ways which drew his attention away from the moral implications of the actions required by his organizational role. Routines facilitate framing one's actions as being outside one's own agency, leading to "it's not me, it's my job" rationalizations. For example, in a study of penitentiary personnel actively involved in the execution process, the efforts that are made to routinize the process in the greatest detail, however absurd (for example, using an alcohol swab on an inmate's arm before administering a lethal injection) have been shown to help people perform these jobs in a way which mitigate their distress (Osofsky, Bandura, & Zimbardo, 2005). Regardless of one's personal beliefs about the acceptability of executions, the fact that routines can play an active role in normalizing negative outcomes to individuals in these roles remains relevant.

Job design, especially over-specialization, also corrodes group members' ability to appropriately determine how individuals are responsible for the outcome of group tasks. Task specialization diffuses individual responsibility for outcomes, so that it becomes difficult to attribute responsibility to anyone, while triggering individuals to morally disengage from the actual outcomes they are playing a part in causing (Bandura, 1990a, 1990b, 2002). Diffusion of responsibility has been blamed for the Challenger launch decision (Vaughan, 1996), as well as other decisions where many individuals played a small role in the eventual failure of important technologies, such as airline brakes (Vandivier, 1996).

At the organizational level, once this type of responsibility diffusion has become embedded in organizational routines, "it takes more conscious effort to *discontinue* it than to *continue* it" (Ashforth & Anand, 2003, p. 11). At the individual level, once someone has been successfully socialized into corrupt routines, following these routines has a script-like quality that goes unquestioned, and just becomes "part of the everyday" (Benson, 1985: 591). In other words, if individuals' jobs are designed or incentivized in a way which obligates them to ethically tenuous actions, they are more likely to

be compelled to meet the obligations of their jobs than the grander (more distal, vague, and uncertain) obligations to meet those expectations ethically, and they will be able to do so without distress.

CONCLUSIONS AND FUTURE RESEARCH DIRECTIONS

So what does all of this teach us about corruption dynamics? By offering a typology of four processes—compulsion, compliance, contagion, and corrosion—as they relate to corruption, this chapter has aimed to clarify our understanding of how psychological processes play into the dynamic nature of corruption.

The first conclusion that seems fair, though disappointing, is that as a construct, corruption is unlikely to become any more central than it currently is in organizational research. As viscerally gripping as corruption phenomena are, they are simply too varied, span too many levels of analysis, and represent too many things to too many people to facilitate a clear or cohesive literature. Coherent literatures typically spring from well- and narrowly-defined constructs that are measurable and empirically tractable. Corruption is simply too unwieldy to be pinned down in that way. That said, the attraction of corruption as a concept is only growing (Ashforth, Gioia, Robinson, & Treviño, 2008b), and is unlikely to abate soon. So the task then becomes: how might we further our understanding of processes *relevant* to corruption, rather than trying to pin down “corruption,” as the more meta-phenomenon, itself.

This leads directly to the second conclusion reached in this chapter: it seems clear that there are many paradigms in psychology, both theoretical and empirical, which are exceptionally relevant to corruption dynamics, but which to date have not (or hardly) been applied in those contexts. In the discussion of compulsion processes, both slippery slope processes and escalation of commitment were discussed as relevant to corruption but rarely studied in that way. The discussion of compliance highlighted the promise of research on foot-in-the-door and door-in-the-face phenomena as representative of seduction or habituation to corruption and surrender or desensitization to corruption, respectively. The discussion of contagion noted how diffusion processes have focused almost exclusively on the diffusion of positive outcomes, when it seems obvious that corrupt outcomes can also be diffused through populations. The discussion of corrosion highlighted the need to take a more expansive view of how choices at macro levels influence group- and individual-level psychological processes. While there may be a lot to learn about corruption, there is certainly no shortage of germane research opportunities for creative researchers.

This brings me to my third conclusion—which has been drawn before, but without much follow-up: the difficulties in studying these phenomena empirically continue to hinder advancement of research on this topic, both because accessing quality data is a perennial challenge, and because studying corruption as a dynamic phenomenon requires gathering this difficult-to-access data over time as well. However, this chapter has surfaced a number of different research paradigms that provide reason for optimism about future research, in two specific ways. One, we have covered a number of applicable research paradigms—such as escalation of commitment, foot-in-the-door, and door-in-the-face—which are relevant to corruption but which have hardly been studied with corrupt outcomes in mind. And two, new methodologies provide additional opportunities to try to model corruption dynamics in new ways. In particular, computer simulations of contagion and diffusion processes have much promise (Oliver & Myers, 2002), but thus far have had few takers, particularly in the ethical decision making literature. A couple of exceptions, in philosophy (Alexander, 2007) and law (Picker, 1997), represent the rare projects with relevance to corruption using computer simulations. Which leaves me to close on both a cautiously positive and optimistic note: much work to do, but a path paving the way there.

NOTES

1. NGOs Transparency International and the World Bank also collect data on corruption at the national level.
2. Underpinning all the definitions of corruption, whether they refer to the process of *becoming* corrupt or the state of *being* corrupt, is an assumption that the corrupted entity has “an original state of purity” (Corruption, *Oxford English Dictionary*, definition III). Therefore, psychological research that assumes an original state of *impurity*—for example, trait-based approaches in explaining corruption outcomes, such as looking at Machiavellianism (Wilson, Near, & Miller, 1996)—won’t be addressed here.
3. This type of process is actually rife with metaphors including the “thin edge of the wedge,” or “giving an inch and taking a mile.”
4. I would like to thank Holly Arrow for working through this metaphor with me.

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